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Consumer Price Index, Houston-The Woodlands-Sugar Land – October 2018

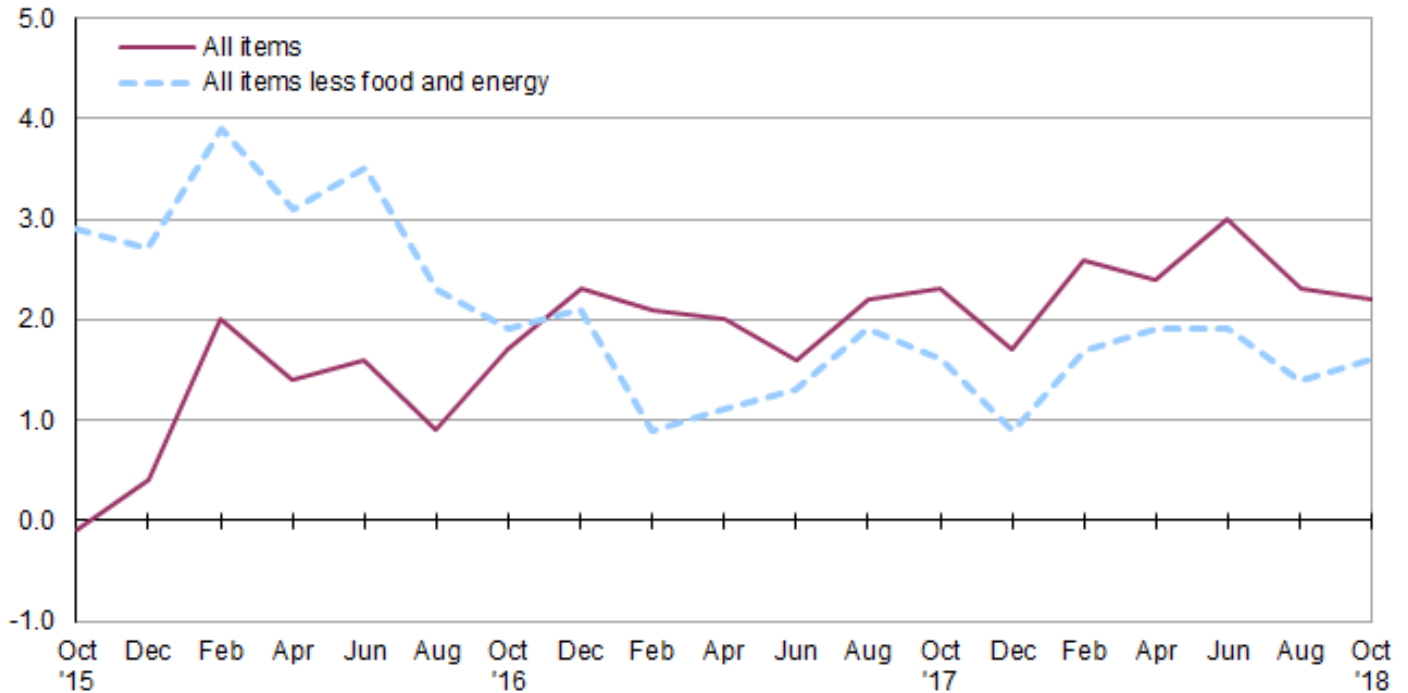
Area prices rise 0.8 percent in September and October; up 2.2 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area rose 0.8 percent in September and October, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Stanley W. Suchman noted that this followed a 0.5-percent decrease in the previous period and that all three of the major sub-components contributed to the current rise. Increases in the indexes for energy (4.3 percent) and for all items less food and energy (0.5 percent) led the latest advance, though higher prices for food (0.3 percent) also contributed. (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the year ended in October 2018, the all items CPI-U advanced 2.2 percent. The index for all items less food and energy rose at a slower 1.6-percent pace. The annual rate of increase in the index for all items less food and energy has been below 2.0 percent since February 2017. (See [chart 1](#) and [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston, TX, October 2015–October 2018

Percent change



Source: U.S. Bureau of Labor Statistics.

Food

Local food prices rose 0.3 percent in September and October, after increasing 0.8 percent in July and August. Prices for food at home (grocery stores) rose 0.4 percent, while prices for food away from home were up 0.3 percent.

From October 2017 to October 2018, the food index advanced 1.2 percent. The annual change reflected differing movements in the sub-components of the food index as prices for food away from home climbed 4.1 percent and prices for food at home fell 1.6 percent.

Energy

The energy index increased 4.3 percent in September and October, primarily as a result of a 12.4-percent rise in electricity prices, the largest two-month electricity price increase since the same period a year ago. A 0.4-percent rise in motor fuel prices also contributed, while a 13.0 percent drop in natural gas costs helped to offset some of the other increases. The 13.0-percent decrease in natural gas costs was the largest two-month decline since February and March 2012 (-15.3 percent).

During the year ended in October 2018, the energy index advanced 9.3 percent. Two of the three energy sub-components contributed to the annual increase as motor fuel prices climbed 14.5 percent and electricity prices rose 6.2 percent. In sharp contrast, natural gas costs fell 14.1 percent during the same period, the fastest rate of annual decline since July 2011 (-23.6 percent).

All items less food and energy

The index for all items less food and energy rose 0.5 percent in September and October, after falling 0.4 percent in July and August. The largest factor in the increase was higher shelter costs (0.9 percent), as costs for owners' equivalent rent increased 1.1 percent and renters' costs rose 0.7 percent. A 2.6-percent increase in prices for motor vehicle insurance was another important contributor and airline fares also rose. A 1.2-percent decline in the apparel index, as well as lower costs for used cars and trucks, helped to slow the bimonthly rate of increase.

From October 2017 to October 2018, the index for all items less food and energy rose 1.6 percent. The biggest factor in the annual increase was a 2.3-percent rise in shelter costs. Within shelter, the indexes for both owners' equivalent rent (3.2 percent) and renters' costs (2.9 percent) rose at a faster pace, but were partially countered by a decline in the cost of lodging away from home (i.e., hotels and motels). Other large contributors to the annual increase included higher prices for medical care (3.3 percent) and recreation (3.1 percent). Helping to offset some of these increases, apparel prices fell 7.7 percent over the year.

The December 2018 Consumer Price Index for All Items for Houston-The Woodlands-Sugar Land is scheduled to be released Friday, January 11, 2019.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 29 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 75 urban areas across the country from about 5,000 housing units and approximately 22,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details, see the CPI home page on the Internet at www.bls.gov/cpi and the BLS Handbook of Methods, Chapter 17, *The Consumer Price Index*, available on the Internet at www.bls.gov/opub/hom/pdf/homch17.pdf.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater

volatility than the national index, although their long-term trends are quite similar. NOTE: **Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-The Woodlands-Sugar Land, Texas, Core Based Statistical Area** includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

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Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-The Woodlands-Sugar Land, TX (1982-84=100 unless otherwise noted)

Item and Group	Indexes			Percent change from -		
	Aug. 2018	Sep. 2018	Oct. 2018	Oct. 2017	Aug. 2018	Sep. 2018
All items	226.307	-	228.070	2.2	0.8	-
All items (1967 = 100)	725.849	-	731.501			
Food and beverages	229.249	-	230.054	1.1	0.4	-
Food	229.332	-	230.106	1.2	0.3	-
Food at home	221.683	221.815	222.480	-1.6	0.4	0.3
Cereals and bakery products	265.554	-	261.363	-	-1.6	-
Meats, poultry, fish, and eggs	249.171	-	246.418	-	-1.1	-
Dairy and related products	175.378	-	176.902	-	0.9	-
Fruits and vegetables	269.208	-	276.779	-	2.8	-
Nonalcoholic beverages and beverage materials(1)	264.463	-	272.728	-	3.1	-
Other food at home	195.481	-	194.388	-	-0.6	-
Food away from home	233.254	-	233.996	4.1	0.3	-
Alcoholic beverages	217.778	-	219.019	0.6	0.6	-
Housing	219.311	-	222.966	2.9	1.7	-
Shelter	261.049	262.208	263.406	2.3	0.9	0.5
Rent of primary residence	259.775	260.469	261.540	2.9	0.7	0.4
Owners' equivalent rent of residences(2)	242.300	243.875	244.996	3.2	1.1	0.5
Owners' equivalent rent of primary residence(2)	242.300	243.875	244.996	3.2	1.1	0.5
Fuels and utilities	173.558	-	186.372	5.3	7.4	-
Household energy	150.903	155.199	164.558	3.7	9.0	6.0
Energy services	148.261	152.457	161.789	3.6	9.1	6.1
Electricity	147.573	152.713	165.857	6.2	12.4	8.6
Utility (piped) gas service	140.653	138.420	122.421	-14.1	-13.0	-11.6
Household furnishings and operations	134.867	-	135.617	4.8	0.6	-
Apparel	186.986	-	184.808	-7.7	-1.2	-
Transportation	188.096	-	188.409	2.3	0.2	-
Private transportation	188.645	-	188.489	2.8	-0.1	-
New and used motor vehicles(3)	88.503	-	87.378	-	-1.3	-
New vehicles(1)	162.878	-	163.976	-	0.7	-
Used cars and trucks(1)	231.369	-	222.077	-	-4.0	-
Motor fuel	235.482	232.967	236.536	14.5	0.4	1.5
Gasoline (all types)	235.585	233.031	236.419	14.3	0.4	1.5
Gasoline, unleaded regular(4)	238.552	235.908	239.505	14.5	0.4	1.5
Gasoline, unleaded midgrade(4)(5)	251.940	250.572	252.712	12.7	0.3	0.9
Gasoline, unleaded premium(4)	255.709	253.182	255.647	12.7	0.0	1.0
Motor vehicle insurance(1)	707.829	-	726.267	-	2.6	-
Medical care	498.109	-	497.867	3.3	0.0	-
Recreation(3)	106.974	-	106.784	3.1	-0.2	-
Education and communication(3)	119.937	-	120.957	0.8	0.9	-
Tuition, other school fees, and childcare(1) ...	1,215.478	-	1,231.207	-	1.3	-
Other goods and services	414.876	-	417.717	2.7	0.7	-
Commodity and service group						
Commodities	177.378	-	177.002	1.4	-0.2	-
Commodities less food and beverages	151.417	-	150.632	1.3	-0.5	-
Nondurables less food and beverages	209.389	-	209.116	3.2	-0.1	-
Durables	100.455	-	99.493	-0.5	-1.0	-
Services	276.374	-	280.328	2.6	1.4	-
Special aggregate indexes						
All items less shelter	213.269	-	214.808	2.1	0.7	-
All items less medical care	213.250	-	215.053	2.1	0.8	-
Commodities less food	153.802	-	153.055	1.3	-0.5	-

Note: See footnotes at end of table.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-The Woodlands-Sugar Land, TX (1982-84=100 unless otherwise noted) - Continued

Item and Group	Indexes			Percent change from -		
	Aug. 2018	Sep. 2018	Oct. 2018	Oct. 2017	Aug. 2018	Sep. 2018
Nondurables	219.782	-	220.032	2.2	0.1	-
Nondurables less food.....	209.690	-	209.499	3.1	-0.1	-
Services less rent of shelter(2).....	290.947	-	296.678	2.7	2.0	-
Services less medical care services.....	254.636	-	258.695	2.5	1.6	-
Energy	188.752	190.016	196.804	9.3	4.3	3.6
All items less energy	232.958	-	233.986	1.5	0.4	-
All items less food and energy	233.406	-	234.478	1.6	0.5	-

Footnotes

(1) Indexes on an April 1978=100 base.

(2) Indexes on a December 1982=100 base.

(3) Indexes on a December 1997=100 base.

(4) Special index based on a substantially smaller sample.

(5) Index on a December 1993=100.

- Data not available.